



# State of New Jersey

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## PRESUMPTIVE RETAIL PRICING FOR THE MONTH OF SEPTEMBER 2020

The New Jersey milk market continues to be affected by varying pricing levels of conventional fluid milk. The Division has decided after review and survey of the current marketing conditions that presumptive pricing now must include Skim, 1%, 2% as part of the general announcement. Over the past few months these milks have been included as general presumptive pricing but have been utilized with in the pricing wars that persist. The Division will continue to survey the wholesale market at the point where the milk enters retail sales to determine the current market average and presumed price for each type of conventional packaged milk. .

The store presumptive variable cost will be set at 5% above the average general presumptive variable wholesale cost. In localized area's in which the averaged wholesale price is significantly different than the general presumed price a specialized presumptive retail price which will be set 5% above the localized wholesale price.

According to **N.J.A.C. 2:48-1.1** New Jersey is divided into two milk marketing areas and the Department announces in its monthly Class 1 Advanced Milk Price Announcement, two prices of raw milk cost converted to container size to determine variable cost. There for their will be two presumptive retail milk prices established each month which will follow the areas out lined in the regulation. For simplicity the area north of I-195 shall utilize the North Jersey Presumptive Price and the area south of I-195 shall utilize the South Jersey Presumptive Pricing

All stores included in a presumptive pricing situation can sell at 5% above invoice as long as detailed documentation is supplied by the retail location justifying cost of retail as well as cost information from your supplier, as well as the processor of the milk or milk product in question. All financial information must be submitted confidentially by a certified public accountant to the Department. Furthermore, all rebates, free weeks or other incentives must be in writing and be available for review.

Each and every dealer who is involved in a presumptive prices situation will have the ability to justify their variable cost as outlined in N.J.A.C 2:52-7. The presumptive variable wholesale price established must be maintained until said dealer presents information with back up documentation showing in detail their variable cost of each type of milk product being sold below the presumptive price. If the variable cost is justified upon review by the Department, then and only then will the dealer or store be allowed to sell at or above their established variable cost.

All areas of New Jersey are under variable cost regulations. This includes stores and dealers. All dealers and stores must be able to justify their variable cost.

Due to the unprecedented situation that exists, and it effects on the entire industry as they continue to be discovered, monthly surveyed costs have shown significant increase in processing and distribution. Each month's presumptive announcement will reflect the changes in this discovery of variable costs associated throughout the industry. These changes are above and beyond the changes in the raw milk price movement.

## PRESUMPTIVE RETAIL PRICING FOR THE MONTH OF SEPTEMBER 2020

	<u>North Jersey</u>		<u>South Jersey</u>	
	<u>Gallons</u>	<u>1/2 Gallons</u>	<u>Gallons</u>	<u>1/2 Gallons</u>
<b>Whole Milk (3.25 BF)</b>	<b>\$3.66</b>	<b>\$2.28</b>	<b>\$3.65</b>	<b>\$2.27</b>
<b>2%</b>	<b>\$3.49</b>	<b>\$2.19</b>	<b>\$3.48</b>	<b>\$2.18</b>
<b>1%</b>	<b>\$3.34</b>	<b>\$2.09</b>	<b>\$3.34</b>	<b>\$2.09</b>
<b>Skim</b>	<b>\$3.24</b>	<b>\$2.05</b>	<b>\$3.23</b>	<b>\$2.05</b>